



CITY OF ORONO

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City of Long Lake
ATTN: City Council
RE: Long Lake Fire Agreement

Dear Mayor and Council,

The City of Orono feels it is in the best interest of Orono taxpayers to plan for the long term to ensure infrastructure, equipment and services are adequately funded to meet the needs of our community. Orono takes great pride in maintaining a fiscally sound City and offering our residents some of the lowest taxes in the Metro Area. The City of Orono in reviewing processes and agreements has recently reviewed the current fire agreement with Long Lake and feels there is a need to address some long term planning with the funding and operations of the fire department. The City of Orono values their partnership with Long Lake and feels there is an inherent need to continue this partnership for many years to come and would like to open up negotiations on a new agreement that would supersede the current one.

Facts:

- Orono, Long Lake and Medina partner on a Fire Agreement with Long Lake.
- Medina has the opportunity to leave the agreement with notice.
- Orono has no way to exit existing agreement for the remainder of the 20 year plus 5 year auto renewal (2025).
- Long Lake and Orono share ownership of fire station 1 on Willow Drive.
- Orono has paid for over 80% of the expenditures for a number of years.

The City of Orono City Council met in work session on May 14, 2018 and would like to propose the following options for continued discussion in negotiations.

Option 1: Maintain same ownership structure:

- Ownership will remain the same as the current structure.
- Oversight of all management, fiscal reporting, budgeting, administrative functions and payroll would shift to the responsibility of Orono.

- Orono would continue to provide services to contract cities in the same manner as they are provided today.
- New Agreements with Long Lake and Medina would be developed with terms similar to Minnetonka Beach. These terms would consider a call hour average x hourly rate. The per hour rate is the total operational cost divided by 3 year average non mutual aid call hours + capital assets hourly depreciation cost= per hour rate.

Option 2: Change Ownership to Orono only:

- Ownership would transition solely to Orono.
- Oversight of all management, fiscal reporting, budgeting, administrative functions and payroll would shift to the responsibility of Orono.
- New Agreements with Long Lake and Medina would be developed with terms similar to Minnetonka Beach. These terms would consider a call hour average x hourly rate. The per hour rate is the total operational cost divided by 3 year average non mutual aid call hours + capital assets hourly depreciation cost= per hour rate.
- The cost of the ownership of capital assets to be paid by Orono to Long Lake could be structured to where Long Lake under the new agreement terms would not pay anything until the total of capital cost is repaid as a reduction of capital owed annually. Example if the total capital cost to be paid is \$500,000 and Long Lake's new agreement terms determines a new cost of \$50,000 Long Lake would not make any payments for 10 years with an inflation rider.

Option 3: Do nothing: Orono's Complete Last Resort

- At end of agreement, dissolve Long Lake Fire as it is known today and each city seeks alternative fire protection options.

The City of Orono would ask that the City of Long Lake please consider these options and to meet in a joint meeting of the City Councils in mid to late June to be coordinated by the City Administrators. The following dates are available for the majority of Orono City Council Members.

June 11, 2018 6PM

June 13, 2018

June 20, 2018

For clarification of any terms in preparation for the joint meeting please provide a list of questions or alternative options.

Sincerely,

Dustin J. Rief
City Administrator